

**REPORT OF THE AUDIT OF THE
ROCKCASTLE COUNTY
CLERK**

**For The Year Ended
December 31, 2006**



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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE ROCKCASTLE COUNTY CLERK

**For The Year Ended
December 31, 2006**

The Auditor of Public Accounts has completed the Rockcastle County Clerk's audit for the year ended December 31, 2006. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$684 from the prior year, resulting in excess fees of \$8,023 as of December 31, 2006. Revenues increased by \$267,995 from the prior year and expenditures increased by \$267,311.

Debt Obligations:

Lease agreements totaled \$12,556 as of December 31, 2006. Future principal and interest payments of \$12,556 are needed to meet these obligations.

Report Comments:

- The County Clerk's Office Lacks An Adequate Segregation Of Duties
- The County Clerk Should Maintain Adequate Documentation For Accounts Receivable
- The County Clerk Should Improve Internal Controls Over Cash Receipts
- The County Clerk Should Issue A Receipt For All Transactions
- The County Clerk Should Improve Internal Control Over Recording Deed Transfer Tax In The Deed Books

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
The Honorable Norma Houk, Rockcastle County Clerk
Members of the Rockcastle County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Rockcastle County, Kentucky, for the year ended December 31, 2006. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2006, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2008 on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
The Honorable Norma Houk, Rockcastle County Clerk
Members of the Rockcastle County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- The County Clerk's Office Lacks An Adequate Segregation Of Duties
- The County Clerk Should Maintain Adequate Documentation For Accounts Receivable
- The County Clerk Should Improve Internal Controls Over Cash Receipts
- The County Clerk Should Issue A Receipt For All Transactions
- The County Clerk Should Improve Internal Control Over Recording Deed Transfer Tax In The Deed Books

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Rockcastle County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

January 18, 2008

ROCKCASTLE COUNTY
NORMA HOUK, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2006

Revenues

| | | |
|-------------------------|----|-------|
| State Fees For Services | \$ | 6,956 |
|-------------------------|----|-------|

| | | |
|--------------|--|--------|
| Fiscal Court | | 26,279 |
|--------------|--|--------|

Licenses and Taxes:

Motor Vehicle-

| | | |
|------------------------|----|---------|
| Licenses and Transfers | \$ | 380,855 |
|------------------------|----|---------|

| | | |
|-----------|--|---------|
| Usage Tax | | 598,909 |
|-----------|--|---------|

| | | |
|--------------------------------|--|---------|
| Tangible Personal Property Tax | | 879,149 |
|--------------------------------|--|---------|

| | | |
|--------------------|--|-------|
| Title Applications | | 3,496 |
|--------------------|--|-------|

| | | |
|----------------------|--|-------|
| Ad Valorem Lien Fees | | 5,164 |
|----------------------|--|-------|

Other-

| | | |
|-------------------|--|-------|
| Marriage Licenses | | 4,968 |
|-------------------|--|-------|

| | | |
|-----------------------|--|-----|
| Occupational Licenses | | 737 |
|-----------------------|--|-----|

| | | |
|-------------------|--|--------|
| Deed Transfer Tax | | 23,994 |
|-------------------|--|--------|

| | | |
|----------------|---------|-----------|
| Delinquent Tax | 341,431 | 2,238,703 |
|----------------|---------|-----------|

Fees Collected for Services:

Recordings-

| | | |
|---------------------------------|--|--------|
| Deeds, Easements, and Contracts | | 14,927 |
|---------------------------------|--|--------|

| | | |
|-----------------------|--|--------|
| Real Estate Mortgages | | 24,221 |
|-----------------------|--|--------|

| | | |
|--|--|--------|
| Chattel Mortgages and Financing Statements | | 40,620 |
|--|--|--------|

| | | |
|--------------------|--|-------|
| Powers of Attorney | | 1,710 |
|--------------------|--|-------|

| | | |
|----------------------|--|--------|
| All Other Recordings | | 17,530 |
|----------------------|--|--------|

Charges for Other Services-

| | | |
|-----------------------|--|-------|
| Candidate Filing Fees | | 2,280 |
|-----------------------|--|-------|

| | | |
|----------|-------|---------|
| Copywork | 1,831 | 103,119 |
|----------|-------|---------|

Other:

| | | |
|---------|--|-----|
| Postage | | 637 |
|---------|--|-----|

| | | |
|---------------|--|-----|
| Miscellaneous | | 477 |
|---------------|--|-----|

| | | |
|-----------|-----|-------|
| Tax Liens | 823 | 1,937 |
|-----------|-----|-------|

| | | |
|-----------------|--|-----|
| Interest Earned | | 554 |
|-----------------|--|-----|

| | | |
|----------------|--|-----------|
| Total Revenues | | 2,377,548 |
|----------------|--|-----------|

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
 NORMA HOUK, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2006
 (Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 288,884

Usage Tax 580,878

Tangible Personal Property Tax 372,187

Licenses, Taxes, and Fees-

Affordable Housing 7,476

Delinquent Tax 47,899

Legal Process Tax 12,702 \$ 1,310,026

Payments to Fiscal Court:

Tangible Personal Property Tax 57,271

Delinquent Tax 33,099

Deed Transfer Tax 22,795

Occupational Licenses 608 113,773

Payments to Other Districts:

Tangible Personal Property Tax 414,487

Delinquent Tax 177,654 592,141

Payments to Sheriff

2,579

Payments to County Attorney

50,237

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries 174,874

Employee Benefits-

Employer's Share Social Security 18,034

Contracted Services-

Contract Labor 2,667

Advertising 160

Printing and Binding 2,250

Materials and Supplies-

Office Supplies 8,516

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
 NORMA HOUK, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2006
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Other Charges-

| | | | |
|-------------------------|----|-------|------------|
| Conventions and Travel | \$ | 3,903 | |
| Dues | | 450 | |
| Repairs and Maintenance | | 414 | |
| Equipment Rental | | 2,172 | |
| Postage | | 4,932 | |
| Refunds | | 914 | |
| Bond | | 267 | |
| Miscellaneous | | 38 | \$ 219,591 |

Debt Service:

| | | | |
|-----------------|--|-------|--|
| Lease Purchases | | 4,935 | |
|-----------------|--|-------|--|

| | | | |
|--------------------|--|--|--------------|
| Total Expenditures | | | \$ 2,293,282 |
|--------------------|--|--|--------------|

| | | | |
|-------------------------|--|--|--------|
| Net Revenues | | | 84,266 |
| Less: Statutory Maximum | | | 69,341 |

| | | | |
|----------------------------|--|-------|--------|
| Excess Fees | | | 14,925 |
| Less: Expense Allowance | | 3,600 | |
| Training Incentive Benefit | | 3,302 | 6,902 |

| | | | |
|---|--|--|-------|
| Excess Fees Due County for 2006 | | | 8,023 |
| Payments to Fiscal Court - March 13, 2007 | | | 8,023 |

| | | | |
|---|--|--|------|
| Balance Due Fiscal Court at Completion of Audit | | | \$ 0 |
|---|--|--|------|

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2006

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2006 services
- Reimbursements for 2006 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2006

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

ROCKCASTLE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2006
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 10.98 percent for the first six months and 13.19 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2006, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

ROCKCASTLE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2006
(Continued)

Note 4. Leases

The Clerk's office was committed to the following lease agreements as of December 31, 2006:

| Item Purchased | Monthly Payment | Term Of Agreement | Ending Date | Principal Balance December 31, 2006 |
|-------------------|--------------------|----------------------|----------------|--|
| Copier | \$ 198 | 60 Months | 10/06/08 | \$ 4,108 |
| Postage Meter | \$ 132 | 60 Months | 12/31/10 | \$ 8,448 |

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
The Honorable Norma Houk, Rockcastle County Clerk
Members of the Rockcastle County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Rockcastle County Clerk for the year ended December 31, 2006, and have issued our report thereon dated January 18, 2008. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Rockcastle County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rockcastle County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rockcastle County Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying comments and recommendations to be significant deficiencies in internal control over financial reporting.

- The County Clerk's Office Lacks An Adequate Segregation Of Duties
- The County Clerk Should Maintain Adequate Documentation For Accounts Receivable
- The County Clerk Should Improve Internal Controls Over Cash Receipts
- The County Clerk Should Improve Internal Control Over Recording Deed Transfer Tax In The Deed Books

Report on Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed in Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Rockcastle County Clerk's financial statement for the year ended December 31, 2006, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying comments and recommendations.

- The County Clerk Should Issue A Receipt For All Transactions

The County Clerk's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the County Clerk's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Rockcastle County Fiscal Court, and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

January 18, 2008

COMMENTS AND RECOMMENDATIONS

ROCKCASTLE COUNTY
NORMA HOUK, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2006

STATE LAWS AND REGULATIONS:

The County Clerk Should Issue A Receipt For All Transactions

During the course of the audit, it was noted that not all customers were being issued receipts for transactions. KRS 64.840 (2) states, "One copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily bank deposit. We recommend the Clerk issue receipts for all transactions made for services rendered by the County Clerk's Office.

County Clerk's Response: None

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:

The County Clerk's Office Lacks An Adequate Segregation Of Duties

The Rockcastle County Clerk's office has a lack of an adequate segregation of duties. During the course of evaluating the office's internal controls, the following deficiencies were noted:

- (a) Incoming mail receipts are opened by the County Clerk and listed by either the County Clerk or Bookkeeper. Both have access to cash receipts and accounts receivable records.
- (b) Post-dated checks, disputed items, unidentified receipts, NSF checks, bank charge-backs, and similar items are investigated by County Clerk, who is not independent of preparation of deposits and posting accounts receivable details.
- (c) The County Clerk prepares checks and is the authorized signer. The County Clerk is not independent of purchasing and receiving, or timekeeping for payroll checks.
- (d) Custody of checks after signature and before mailing is handled by County Clerk or Bookkeeper, who are not independent of payable, disbursing, cash, receiving, and general ledger functions.
- (e) The County Clerk prepares and authorizes the payroll. The County Clerk has access to all payroll data and cash.
- (f) Paychecks are distributed by the County Clerk, who is not independent of payroll preparation or timekeeping.
- (g) Reconciliations are made by the County Clerk or Bookkeeper, who sometimes participate in the receipt or disbursement of cash.
- (h) The County Clerk and Bookkeeper perform and approve the general accounting/general ledger/journal entry functions, and are also involved in the detail recording functions of accounts receivables and payables, and purchasing.

ROCKCASTLE COUNTY
NORMA HOUK, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2006
(Continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:
(CONTINUED)

The County Clerk's Office Lacks An Adequate Segregation Of Duties (Continued)

We recommend the following controls to be implemented to offset these internal control deficiencies. Documentation of the controls could be a signature or initial on the procedure performed:

1. Cash be counted by one member of personnel and recounted by the official before deposit
2. Surprise cash counts should be performed by the official
3. All checks should be signed by two people, with one being the official
4. Payroll checks could be prepared by one member of personnel, then examined by the official
5. Reconciliation of ledgers, monthly reports, and daily deposits could be performed by an additional member of personnel

County Clerk's Response: I disagree. I feel I have complete control and knowledge of all office matters. Cash received, checks and all other income and expenses are accounted for.

Auditor's Reply: We agree that the County Clerk is knowledgeable about the functions of her office. However, by distributing the duties among her staff and providing her monitoring and oversight, she would strengthen the internal controls of her office.

The County Clerk Should Maintain Adequate Documentation For Accounts Receivable

The County Clerk did not maintain adequate documentation to support accounts receivable charges and collections. During 2006, the County Clerk allowed customers to charge for deed room transactions. The County Clerk discarded the customers' records documenting the date, type, and amount of charge as well as monthly billing statements documenting the date and amount of collection. As a result, the County Clerk was unable to provide the auditor with documentation supporting accounts receivable charges and collections. In an effort to strengthen internal controls over receipts, we recommend the County Clerk maintain documentation to support all receivable charges and collections.

County Clerk's Response: Beginning with Jan.1, 2007 copies of all statements are kept and records are available for accounts receivable.

The County Clerk Should Improve Internal Controls Over Cash Receipts

During our test of receipts, we noted the following weaknesses in the County Clerk's internal controls over cash receipts:

- a. Daily deposits could not be traced to daily checkout sheets. Rather than making one deposit for each day's business, the County Clerk's deposits were comprised of partial receipts from the prior day and current day.

ROCKCASTLE COUNTY
NORMA HOUK, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2006
(Continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:
(CONTINUED)

The County Clerk Should Improve Internal Controls Over Cash Receipts (Continued)

- b. The County Clerk's change fund exceeded the \$200 limit per cash drawer set by Technical Audit Bulletin #93-002.
- c. Daily deposit slips were not properly itemized. We found that only a grand total for check transactions was listed on the daily deposit slip.

Technical Audit Bulletin #93-002 established under the authority of 45 KAR 1:070 states that the accumulation and retention of cash in excess of \$200 per cash drawer shall be subject to report as audit comment. Therefore, we recommend the County Clerk itemize deposit slips, deposit receipts intact on a daily basis, and maintain an appropriate level of change fund. This would result in daily deposits being able to be traced to daily checkouts.

County Clerk's Response: I disagree with only having \$200. A clerk's office cannot operate on \$200 to be used for making change. We would continually be making trips to the bank for change. I now have two cash registers. I purchased an additional cash register.

The County Clerk Should Improve Internal Control Over Recording Deed Transfer Tax In The Deed Books

The County Clerk did not reconcile deed transfer tax recorded in the deed books to the receipts ledger. During our test of deed transfer tax, we noted instances where the deed transfer tax was recorded in error on the deeds. We recommend the County Clerk, on a monthly basis, reconcile amounts recorded in the deed books to the deed transfer tax recorded in the receipts ledger. In addition, we recommend the County Clerk consult the County Attorney regarding the procedure necessary to correct the deed transfer tax in the deed books.

County Clerk's Response: None

